



U.S. DEPARTMENT OF ENERGY  
Office of Electricity Delivery and Energy Reliability  
Infrastructure Security and Energy Restoration

# ENERGY ASSURANCE DAILY

Wednesday, February 07, 2007

## Major Development

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### **Explosion Shuts Most of Elk Hills Oil and Gas Field in California February 6**

A leak in a natural gas gathering pipeline sparked an explosion and fire at Occidental's Elk Hills oil and gas field in California's southern San Joaquin Valley yesterday, forcing the company to shutdown most of the field's production. The fire, which began at about 2:30 p.m. PST, was still burning as of early this morning. A local TV news station reported a second explosion at the field at 5:30 p.m. yesterday. According to Occidental, as of late last night, 95 percent of the field's wells were shut in. According to data from the U.S. Energy Information Administration (EIA), Elk Hills produced about 375,000 MMcf/d of natural gas and about 50,000 b/d of crude oil in 2005, and is one of the Nation's largest fields in terms of hydrocarbon reserves.

**Watch Video:** <http://www.bakersfield.com/102/story/98384.html>

<http://www.turnto23.com/news/10946580/detail.html>

Bloomberg News, 12:55 February 7, 2007

[http://www.eia.doe.gov/pub/oil\\_gas/natural\\_gas/data\\_publications/crude\\_oil\\_natural\\_gas\\_reserves/current/xls/appb.xls](http://www.eia.doe.gov/pub/oil_gas/natural_gas/data_publications/crude_oil_natural_gas_reserves/current/xls/appb.xls)

## Electricity

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### **APS's 1,340 MW Palo Verde Nuke Unit 2 in Arizona Reduced to 45 Percent February 7**

According to Reuters, the reactor dipped to 45 percent of capacity by early this morning. According to Bloomberg News, the reactor stopped sending electricity to the grid after turbines went offline during testing.

Bloomberg News, 11:26 February 7, 2007

Reuters, 07:52 February 7, 2007

### **FPL's 693 MW Turkey Point Nuke Unit 4 in Florida Taken Offline February 7**

According to Reuters, the unit was reduced to 30 percent of capacity. According to Bloomberg News, the unit was taken offline to rebalance or replace a motor on a coolant pump.

Reuters, 07:39 February 7, 2007

Bloomberg News, 11:43, February 7, 2007

### **Update: Scana's 966 MW Summer Nuke Unit Ramps Up to 52 Percent February 7**

The unit exited an outage and ramped up to 52 percent of capacity today. The company shut the reactor on February 5 to fix a steam leak in the feedwater system.

Reuters, 07:30 February 7, 2007

### **Exelon's 871 MW Dresden 3 Nuke Unit in Illinois Returns to Full Power February 6**

The unit returned to full power today after being reduced following a heating system that malfunctioned.

Bloomberg News, 11:49 February 6, 2007

### **TXU's 575 MW Big Brown Coal-fired Unit 1 in Texas Shut February 6**

The company shut the unit to fix a tube leak.

Reuters, 13:42 February 7, 2007

## **Salt River Drops Plans to Reopen 1,580 MW Mohave Generating Station in Nevada**

Salt River Project (SRP) has dropped plans to reopen the beleaguered coal-fired Mohave Generating Station in Nevada. Mohave shut at the end of 2005 because its owners failed to upgrade pollution-control equipment as required in a federal court-sanctioned consent decree. After failing to reach a purchasing agreement with Southern California Edison, SRP concluded that it will be unable to bring the plant back into service with the appropriate environmental emission controls in sufficient time to make it economically feasible for SRP customers.

Reuters, 18:37 February 6, 2007

## **Petroleum**

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### **Icy Conditions, Low Water Levels Slow Oil Barges on Upper Mississippi River**

The U.S. Army Corps of Engineers has issued vessel navigational advisories for the upper Mississippi River above St. Louis due to icy conditions and low water levels. According to industry sources, traffic flow for crude oil and petroleum product barges transiting the river would be slowed down, especially traffic between St. Louis and Chicago. The water levels in the upper Mississippi River above St. Louis are expected to fall gradually later this week due to a lack of water supply from the frozen Illinois and Missouri rivers and limited rainfall.

Reuters, 17:16 February 6, 2007

### **FCC Unit to Shut for Repairs at Citgo's 156,000 b/d Corpus Christi Refinery in Texas February 7**

According to a filing with Texas regulators, Citgo will shut down the fluidic catalytic cracking (FCC) unit No. 2 today to repair a leak in the exchanger. The unit will be restarted three days later.

Reuters, 08:42 February 7, 2007

### **Malfunction at Valero's 340,000 b/d Corpus Christi Refinery in Texas February 7**

An equipment malfunction triggered emergency flaring at the refinery, the third malfunction in five days for the refinery. Valero said the malfunction would not affect production.

Bloomberg News, 11:00 February 7, 2007

### **Chevron Resumes 70,000 b/d of Output at Escravos Oil Export Terminal in Nigeria Chevron Resumes Production at 13,000 b/d Makaraba Oil Flow Station in Nigeria**

On Wednesday, the company said that it had resumed production at the Makaraba flow station, nearly a year after being shut down due to a pipeline leak. Chevron also added that 70,000 b/d had been restored at its Escravos oil export terminal, about half the total production that was shut-in in 2003 due to inter-ethnic violence.

Reuters, 09:24 February 7, 2007

### **Nigerian Militants Threaten Major Attack, Warn Expatriates to Leave Country - CNN**

MEND, the Movement for the Emancipation of the Niger Delta, told CNN that it is warning all expatriates to leave Nigeria, not only the Niger Delta, but to leave Nigeria. MEND officials also told CNN that the organization is about initiate what it calls "Operation Black Locust," which will target key installations throughout Nigeria, not just in the oil rich Niger Delta.

<http://www.cnn.com/2007/WORLD/africa/02/06/nigeria.hostages/index.html>

### **Update: Hibernia Oil Platform Offshore Canada to Shut Mid-February**

The platform, which was normally pumps about 180,000 b/d, will be shut for as long as one month beginning in mid-February, as its owners accelerate a maintenance shutdown originally planned for September 2007. The shutdown will be used primarily to complete regulatory inspections and was pushed forward because production was already constrained due to a mechanical problem.

Reuters, 15:30 February 7, 2007

### **IEA Says World Oil Supply Adequate Through 2011**

According to the International Energy Agency, the increase in world oil supplies, augmented by the growth of ethanol and other alternative fuels, will be adequate to meet a projected 2 percent annual increase in demand through 2011

[http://biz.yahoo.com/ap/070206/iea\\_oil\\_forecast.html?v=1](http://biz.yahoo.com/ap/070206/iea_oil_forecast.html?v=1)

### Winter to End with Natural Gas Storage Levels at Highest Point Since 1991 -- EIA

<http://intelligencepress.com/>

## Other News

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### Record Corn Prices Threaten New Ethanol Plant Construction

If the price of cash corn exceeds \$4 per bushel, many ethanol production plants currently under consideration in the United States may not be built according to economists and industry experts cited in a February 6 Ag Weekly article. At \$5 per bushel, they say, ethanol plants already built would consider shutting down. According to Chicago Board of Trade (CBOT), the current price of corn for delivery in March 2007 is about \$4 dollars per bushel, a 10-year high and twice the price from a year ago. Futures prices for May and July are well above the \$4 mark. This could affect development of the 76 ethanol plants and 7 ethanol plant expansions that are currently under construction according to the Renewable Fuels Association (RFA). These projects have a combined production capacity of more than 6 billion gallons per year and are expected to come online between 2007 and 2009.

According to the National Corn Growers Association, if corn stays above \$4 per bushel, approximately 1 billion gallons of ethanol production capacity now listed as under construction may not take place as quickly. According to an agricultures commodities analyst at DTN, the net profit of a 50-million-gallon ethanol plant today is about 1.1 cents per gallon of ethanol produced, down from 50 cents per gallon on January 1 and \$2.50 per gallon in June.

CBOT: Corn Futures: <http://www.cbot.com/cbot/pub/page/0.3181.1213.00.html>

Iowa Corn Prices: <http://www.agriculture.state.ia.us/corncht.html>

RFA Plants Under Construction: <http://www.ethanolrfa.org/industry/locations/>

[http://www.agweekly.com/articles/2007/02/05/headlines/farm\\_and\\_ranch\\_guide/ag\\_news/regional\\_news/news15.prt](http://www.agweekly.com/articles/2007/02/05/headlines/farm_and_ranch_guide/ag_news/regional_news/news15.prt)

<http://www.courant.com/business/hc-allbusiness0206.artfeb06.0.3062005.story?coll=hc-headlines-business>

### Inadequate Dredging on Great Lakes Restricting Coal Shipments

Lack of proper dredging combined with aging infrastructure at Great Lakes Ports are keeping vessels from being loaded to capacity resulting in reduced shipment size, increased trips and escalating costs for coal and other commodities.

<http://www.platts.com/Coal/News/6350895.xml?p=Coal/News&sub=Coal>

## Energy Prices

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U.S. Oil and Gas Prices			
February 7, 2007			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	57.63	57.17	63.09
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	7.90	7.76	8.26

Source: Reuters

### **Record Usage Causes Equipment Failure, Natural Gas Service Cut to 660 Customers in Potomac, Maryland February 6**

<http://biz.yahoo.com/prnews/070207/dcw026.html?.v=87>

<http://intelligencepress.com/>

### **Plans for Proposed COB Power Plant in Oregon Abandoned**

[http://pro.energycentral.com/professional/news/power/news\\_article.cfm?id=7768255](http://pro.energycentral.com/professional/news/power/news_article.cfm?id=7768255)

### **Alaska Natural Gas Utility Enstar May Oppose Extension of ConocoPhillips LNG Export Permit**

[http://pro.energycentral.com/professional/news/gas/news\\_article.cfm?id=7769790](http://pro.energycentral.com/professional/news/gas/news_article.cfm?id=7769790)

### **Lukoil Discovers 100 Million bbl Field in Colombia, Second Exploratory Well to be Drilled in 2008**

<http://www.platts.com/Oil/News/8873620.xml?p=Oil/News&sub=Oil>

### **Update: Mexico's Pemex Acknowledges Cantarell Oilfield Decline**

Reuters, 12:42 February 7, 2007

### **120,000 b/d Refinery Planned for Russian Port of Murmansk**

<http://www.platts.com/Oil/News/8873619.xml?p=Oil/News&sub=Oil>

## Links

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### ***This Week in Petroleum*** from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

### ***Weekly Petroleum Status Report*** from EIA

[http://www.eia.doe.gov/oil\\_gas/petroleum/data\\_publications/weekly\\_petroleum\\_status\\_report/wpsr.html](http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html)

Updated after 10:30 AM & 1:00 PM EST every Wednesday.

### ***Natural Gas Weekly Update*** from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM EST every Thursday.

## ENERGY ASSURANCE DAILY

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*Energy Assurance Daily* provides a summary of public information concerning current energy issues. Published Monday through Friday to inform stakeholders of developments affecting energy systems, flows, and markets, it provides highlights of energy issues rather than a comprehensive coverage. *Energy Assurance Daily* is updated online Monday through Friday after 5:00 p.m. EST. For more information, visit the Infrastructure Security and Energy Restoration (ISER) website at:

<http://www.oe.netl.doe.gov/index.aspx>.

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